

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

NOTICE BY SANICO, INC., TO)
INCREASE ITS SEWAGE RATES)
AND FOR APPROVAL TO FINANCE)
PLANT ADDITIONS)

CASE NO.
8773

O R D E R

IT IS ORDERED that Sanico, Inc., ("Sanico") shall file an original and seven copies of the following information with the Commission, with a copy to the Attorney General's Consumer Protection Division, and a copy to any other intervening parties which are of record in this case by June 3, 1983. Sanico shall furnish the name of the witness who will be available at the public hearing to respond to questions concerning each item of information provided. If neither the requested information nor a motion for an extension of time is filed by the stated date the case may be dismissed.

1. Item No. 2 from the response to the Commission's Order dated April 5, 1983, reflects that Sanico has certain debt obligations to stockholders and an associated company. Provide the following concerning this item.

- a) The names of the stockholders and the amount owed for each name listed.
- b) The name of the associated company.

- c) When are these obligations to be repaid?
- d) Provide a schedule which reflects the amounts and the dates for any payments made on these obligations.

2. Attachment C from the response to the Commission's Order dated April 5, 1983, includes a copy of a debt instrument between Sanico and James P. Breslin. The instrument bears the date June 6, 1980. Provide an explanation for the absence of any provision in Sanico's 1980 and 1981 Annual Reports regarding this instrument. Also, provide a schedule which reflects the amounts and dates for any payments made concerning this instrument.

3. Format No. 3 from the response to the Commission's Order dated April 5, 1983, is a breakdown of accounting and billing expenses for the test period. The breakdown reflects that nine payments were made to Accounting Data Corporation during the test period. Provide a detailed description of the services provided and the fees charged to Sanico by this firm. Also, provide a copy of any contract between Sanico and Accounting Data Corporation. If a written contract is not in effect provide complete details of the oral agreement for services provided by this firm.

4. Item No. 10 from the Commission's Order dated April 5, 1983, requested copies of property tax bills which were charged to expense in calendar year 1981. The total amount listed for property taxes in Exhibit No. 1 from the application is \$933. Sanico's response to this item as

reflected in Attachment E of the response includes 10 copies of tax bills for the years 1977 through 1981 which when totalled equal \$1,056. Provide an explanation for the discrepancy between this amount and the amount listed in the application.

5. Item No. 11 from the response to the Commission's Order dated April 5, 1983, reflects that Sanico receives electric service at its sewer treatment plant. Since this plant is no longer in service provide an explanation for the necessity of maintaining electric service at the plant.

6. Exhibit No. 2, Schedule No. 4 from the application includes a summary of electric bills. Columns (a) and (b) from the summary contain 12 entries while column (c) contains only six entries. Provide an explanation for the difference in total number of entries between columns (a) and (b) and column (c).

7. Attachment F from the response to the Commission's Order dated April 5, 1983, is a copy of a letter from a legal firm in Maysville, Kentucky, addressed to James P. Breslin. This letter has been filed by Sanico in response to the Commission's request for a copy of a contract between the City of Maysville and Sanico regarding the treatment of sewage. Does this letter represent the full extent of the terms and agreements between the City of Maysville and Sanico concerning the treatment of sewage? If not, furnish any other details which are not included in the letter.

8. Item No. 16 from the Commission's Order dated April 5, 1983, requested a breakdown of the extraordinary maintenance of \$4,978 which is proposed to be amortized in the application. Sanico's response to this request as reflected in Attachment G from the response included copies of invoices which total \$4,100 and copies of documents which reflect the status of Sanico's account with Lexington Industrial Service Company at February 28, 1983. Provide the following concerning this item.

a) A detailed breakdown for extraordinary maintenance of \$4,978 as requested in Item No. 16 of the Commission's Order dated April 5, 1983. This breakdown should be reconciled to the total amount of the invoices of \$4,100 referred to above.

b) Are all of the invoices included in Attachment G related in total to maintenance of the sewer system?

9. Are any of Sanico's customers located within the city limits of Maysville? If so, how many?

10. Provide a comparison of the present \$13.65 per month sewer rate charged by Sanico and the rates charged by the City of Maysville.

11. Provide details of the informal discussions between Sanico's president and Maysville's city manager regarding the city's possible acquisition of Sanico's sewer operations.

12. Have Gwen Tuel's duties for Sanico changed during the past 2 years? Explain how and why they are different and provide her total salary.

13. Was the water and sewer system which serves the Jersey Ridge Apartments ever an asset of any firm or individual other than Sanico or JPB, Inc.? If yes, please explain.

14. The Commission's Order in Case No. 8083 denied Sanico's proposed retroactive adjustment to depreciation. Provide any authoritative support for the adjustment of \$19,643 to the depreciation reserve.

15. Did the connection of the Sanico sewer system with the city's treatment plant require the granting of easements by anyone other than Mr. Breslin? Provide the names of all involved property owners.

16. Provide a legible copy of the document which reflects the connection fee of \$29,321 with the City of Maysville.

Done at Frankfort, Kentucky, this 23rd day of May, 1983.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary